

Message Text

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ORIGIN EB-07

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FMC:NBAYER (SUBS)

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P 072020Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW PRIORITY

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E.O. 11652: N/A

TAGS: EWWT, UR, US

SUBJECT: FEDERAL MARITIME COMMISSION CORRESPONDENCE
WITH SOVIET MARITIME AUTHORITIES

1. PLEASE TRANSMIT ASAP FOLLOWING LETTER FROM FEDERAL
MARITIME COMMISSION CHAIRMAN KARL BAKKE, TOGETHER WITH
ATTACHED TABLES, TO IGOR AVERIN, CHIEF OF FOREIGN RELATIONS,
SOVIET MINISTRY OF MERCHANT MARINE:

QUOTE:

MR. IGOR M. AVERIN, HEAD, FOREIGN RELATIONS DEPARTMENT,
MINISTRY OF MERCHANT MARINE OF THE U.S.S.R.
1/4, ZHDANOV STR., MOSCOW, U.S.S.R.

DEAR IGOR:

UPON RETURN FROM A MOST MEMORABLE VISIT TO YOUR COUNTRY,
I DIRECTED THE COMMISSION'S STAFF TO ESTABLISH PROCEDURES
FOR DEVELOPING AND COORDINATING INFORMATION NECESSARY TO
IMPLEMENT THE FIRST STEP CONTEMPLATED IN OUR "MEMORANDUM
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AGREEMENT."

WE HAVE THUS FAR IDENTIFIED THE INDEPENDENT COMMON CARRIERS WITH WHICH YOURS COMPETE IN OUR NORTH ATLANTIC AND PACIFIC TRADES, AND ARE SURVEYING THE RELEVANT TARIFFS TO IDENTIFY THOSE RATES WITH RESPECT TO WHICH ADJUSTMENT IS TO BE UNDERTAKEN PURSUANT TO NUMBERED PARAGRAPH 1 OF THE AGREEMENT.

ENCLOSED IS A PRELIMINARY LIST OF ITEMS PUBLISHED BY FAR EASTERN SHIPPING COMPANY (FESCO) THAT ARE LOWER THAN THE LOWEST RATE IN USE FOR THE SAME COMMODITY BY ANY RESPONSIBLE NON-SOVIET INDEPENDENT COMPETITOR IN THE TRADES INDICATED AND WHICH SHOULD, THEREFORE, BE ADJUSTED ACCORDINGLY. YOU WILL NOTE THAT THE LIST IDENTIFIES THE CARRIER, THE COMMODITIES, THE RATE AND THE TARIFF IN WHICH EACH RATE IS PUBLISHED. AS WE DEVELOP FURTHER INFORMATION OF THIS NATURE, WE WILL FORWARD IT TO YOU FOR APPROPRIATE ACTION.

I THINK IT IS PARTICULARLY IMPORTANT THAT ADJUSTMENT OF THE RATES CONTAINED IN THIS FIRST LIST BE IMPLEMENTED PROMPTLY BY FESCO, BECAUSE ALL INTERESTED PARTIES WILL BE LOOKING TO THE ACTION TAKEN AS AN INDICATION WHETHER THE AGREEMENT IS GOING TO WORK AS CONTEMPLATED. ALSO, THERE ARE ALREADY TWO DEVELOPMENTS WHICH GIVE MORE THAN PASSING CAUSE FOR CONCERN.

FIRST, ART NOVACEK'S REMARKS IN OAKLAND ON JULY 28 (COPY ENCLOSED) APPEAR TO REITERATE THE "PRE-LENINGRAD" POSITION OF SOVIET CARRIERS, UNTEMPERED BY EITHER THE LETTER OR, EVEN MORE IMPORTANT, THE SPIRIT OF OUR AGREEMENT. IT IS PARTICULARLY UNFORTUNATE THAT, ASIDE FROM BEING THE FIRST PUBLIC PRONOUNCEMENT ON THE SUBJECT FROM THE SOVIET SIDE, HIS STATEMENT TOTALLY OVERLOOKS THE POSITIVE STEPS AGREED UPON BY CONFERENCE CARRIERS, AT THE OWNERS' MEETING IN KYOTO LAST APRIL, TO CONTROL MALPRACTICES IN OUR TRANS-PACIFIC TRADES. SECOND, I HAVE BEEN ADVISED THAT THERE HAS BEEN NO RESPONSE BY FESCO TO AN INVITATION FROM CONFERENCE CARRIERS IN THE PACIFIC TRADES TO BEGIN PRELIMINARY DISCUSSIONS ON LIMITED OFFICIAL USE

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MATTERS WITHIN THE CONTEMPLATION OF OUR AGREEMENT. BOTH OF THESE SITUATIONS HAVE BEEN SEIZED UPON BY CRITICS OF THE AGREEMENT, BOTH HERE AND ABROAD, TO SUPPORT THEIR VIEW THAT A NEGOTIATED SOLUTION AT THE CARRIER LEVEL IS JUST NOT POSSIBLE.

I THINK IT IS VITALLY IMPORTANT IN THESE INITIAL STAGES THAT THE CARRIERS INVOLVED SIT DOWN TOGETHER PROMPTLY TO

COMMENCE MEANINGFUL DIALOGUE CONCERNING ACTION TOWARDS
IMPLEMENTATION OF OUR AGREEMENT, AND TRUST YOU WILL URGE

THAT COURSE OF ACTION UPON THE SOVIET CARRIERS, AS HAVE
I UPON THE NON-SOVIET CARRIERS INVOLVED.

IN CLOSING, I AM INCLUDING A COPY OF A SPEECH CONCERNING
THE AGREEMENT THAT I MADE IN NEW YORK ON AUGUST 20, IN
WHICH I TRIED TO PUT THE NOVACEK REMARKS INTO WHAT I HOPE
IS THEIR PROPER PERSPECTIVE. ALSO ENCLOSED IS A COPY OF
A LETTER TO SENATOR INOUE, IN RESPONSE TO HIS REQUEST,
ELABORATING UPON CERTAIN ASPECTS OF THE LENINGRAD AGREE-
MENT. IF YOU HAVE ANY SERIOUS DISAGREEMENT WITH ANY
PART OF WHAT I HAVE SAID, PLEASE LET ME KNOW IMMEDIATELY
SO WE CAN CLEAR UP ANY MISUNDERSTANDINGS BEFORE THEY
BECOME ISSUES OR, WORSE YET, PROBLEMS.

SINCERELY,
(SIGNED) KARL
KARL E. BAKKE
CHAIRMAN

ENCLOSURES. END QUOTE

BEGIN TABLE 1:

FESCO TARIFF FMC 15 JAPAN/U.S. PACIFIC COAST

COMMODITY	FESCO ITEM NO.	FESCO RATE
BICYCLES	125	40.00W/M

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CALCULATORS	672	68.00W/M
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TYPEWRITERS	685	60.00W/M
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TAPE RECORDERS & RADIOS	355	49.50W/M
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PORCELAINWARE EARTHENWARE CHINAWARE	785-15	39.50W/M
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FOOTWEAR	880	51.50W/M
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SPORTING GOODS LOW VALUE	920-05	52.00W/M
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CAMERAS	210	76.50W/M
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TOYS	960	50.00W/M
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CANNED MACKEREL	230-10	57.50W/M
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RUGS & CARPETS

NOT WOOLEN	845-10	40.50W/M
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BLINDS OR SHADES

INCL. BAMBOO

CURTAINS	097	41.50W/M
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CHAIRS STEEL

FOLDING	400-15	39.50W/M
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TRICYCLES	687	36.50W/M
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NOVELTIES	735	47.00W/M
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SNOWMOBILES	715-20	34.50W/M
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AUTO TIRES &

TUBES NEW	065-25	39.50W/M
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WIRE BARBED

NOT BULKY	620	39.00W
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(FOLLOWING 3 COLUMNS SHOULD BE PLACED ALONGSIDE PRECEDING
3 COLUMNS TO FORM 6-COLUMN TABLE.)

COMPETITOR

WITH NEXT

LOWEST RATE	ITEM NO.	RATE
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PFEL	125	43.50W/M
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PFEL	672	70.00W/M
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OOCL	;180	64.00W/M
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OOCL	3610	50.00W/M
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PFEL	785-15	41.00W/M
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OOCL	6200	55.00W/M
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PFEL	920.05	56.00W/M
PFEL	210	79.00W/M
PFEL	960	51.00W/M
PFEL	230-10	60.50W/M
PFEL	845-10	42.50W/M
PFEL	097	45.00W/M
PFEL	400-15	40.50W/M
PFEL	960	43.50W/M
PFEL	735	49.50W/M

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SEATRAN	5540	37.00W/M
OOCL	5320-05A	42.00W/M
PFEL	620	45.00W

W 1000 KILOS

M 1 CUBIC METER

TABLE 2

FESCO TARIFF FMC 2 U.S. PACIFIC COAST/JAPAN

COMMODITY FESCO ITEM NO. FESCO RATE

WHEY	403	46.75W
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MACHINERY AND MECHANICAL APPLI- ANCES AND PARTS	210	93.00W/M
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KRAFT CONTAINER BOARD LINERS	244	45.00W
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CLAY BENTONITE	95	50.00/
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2240 POUNDS

FEED, ANIMAL OR

POULTRY	149	54.25/
		2240 POUNDS

AUTOS, PASSENGER

FOR COM'L SALE	389	49.00W/M
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MACHINES, COIN

OPERATED	212	78.00W/M
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RUGS & CARPETS	305	59.25W/M
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BEANS, PEAS &

LENTILS DRIED

IN BAGS	40	39.25W
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ALUMINUM T BARS

AND SOWS	30	37.50W
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SEEDS, N.O.S.	340	38.75W
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PAPER, KRAFT INCL.

KRAFT WRAPPING

PAPER	244	41.00W
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OVENS, MICROWAVE	223	73.00W/M
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GOLF CLUBS	360	66.50W/M
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BORAX, BORIC

ACID	50	39.25W
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(FOLLOWING 3 COLUMNS SHOULD BE PLACED ALONGSIDE PRECEDING
3 COLUMNS TO FORM 6-COLUMN TABLE.)

COMPETITOR

WITH NEXT TO

LOWEST RATE	ITEM NO.	RAT,
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OOCL	10050	50.00W
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OOCL	5455	96.00W/M
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OOCL	6679	49.00W
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OOCL 2335 52.00/
2240 POUNDS

OOCL 3650 55.00/
2240 POUNDS

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OOCL 995 54.00W/M

OOCL 5460 79.00W/M

OOCL 2022 60.00W/M

OOCL 1120 40.00W

OOCL 640 62.00W

OOCL 8135 41.00W/M

OOCL 6740 43.00W

OOCL 3330 90.00W/M

OOCL 8640 79.00W/M

OOCL 1500 40.00

W 2000 POUNDS

M 40 CUBIC FEET

END TABLE 2

2. OTHER ENCLOSURES MENTIONED IN TEXT OF LETTER FOLLOW-
ING BY POUCH. PLEASE INFORM AVERIN THAT ENCLOSURES WILL
FOLLOW LATER. ROBINSON

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NNN

Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, EAST WEST TRADE, CUSTOMS DUTIES, DATA, PUBLIC CORRESPONDENCE, TARIFFS
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Copy: SINGLE
Draft Date: 07 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
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04 MAY 2006

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TAGS: EWWT, UR, US, (BAKKE, KARL), (AVERIN, IGOR)
To: MOSCOW
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006